

Municipal Street Aid Fund

REPORT TO GOVERNOR JACK A. MARKELL AND THE DELAWARE GENERAL ASSEMBLY

March 31, 2011



Presented By:

The Honorable James M. Baker
The Honorable Carleton E. Carey Sr.
The Honorable Sam Cooper
Gene Dvornick
The Honorable James Ford III
The Honorable Vance A Funk III
David Hugg
Kyle Sonneberg
Dolores J. Slatcher
Cathryn Thomas

Executive Summary

In the FY2011 Bond Bill, signed July 1, 2010 (Exhibit A), the Delaware General Assembly directed the Secretary of Transportation to establish the Municipal Street Aid Committee. The Committee was to examine and evaluate the current Municipal Street Aid program in an effort to ensure appropriate funding levels and program initiatives. The Committee was instructed to submit a report of findings to the Governor and the General Assembly by March 31, 2011. The Municipal Street Aid Committee meetings were open to the public and were held in the Delaware Department of Transportation's ("DelDOT") Administration Building at 800 Bay Road, Dover, Delaware.

The committee was established to garner a better understanding of Municipal Street Aid funding, what the demands are, and the gap between how the funds are currently being utilized versus the need. Accordingly, the committee first reviewed DelDOT's funding source and what it supports, the revenue stream, and how these funds are deposited and disbursed; while examining the history and intent of the Municipal Street Aid program.

The Transportation Trust Fund ("TTF"), which the Municipal Street Aid funds are generated from, is a dedicated fund to support DelDOT and statewide transportation needs and projects. Revenues deposited into the TTF are not earmarked for specific programs, and the disbursement of funds to programs and projects are in consultation with local elected officials, the Council on Transportation, The Wilmington Area Planning Council, Dover/ Kent County Metropolitan Planning Organization, Sussex County Council and the General Assembly.

Municipal Street Aid was established to recognize that municipalities have to maintain street systems inside incorporated areas. The funding is provided, via the Motor Fuel Tax revenues, to local municipalities to supplement the construction, maintenance and improvements of streets and bridges. The appropriations are distributed through the State's Treasurer's office as a portion of the Transportation Trust Fund within the Capital Improvement Program, the sum appropriated in the annual Bond and Capital Improvement Act. The appropriated funds are distributed by formula are in the form of a grant, and the formula utilized to compute distribution to all 57 municipalities is based on both municipal population and mileage. The demand for providing transportation improvements and services continues to outpace the revenues available through the Transportation Trust Fund; hence the funding levels for Municipal Street Aid have diminished in recent years by declining revenues to support the needs of the transportation system.

To attain a thorough assessment of the shortfalls of the current revenue sources for both the TTF and for Municipal Street Aid fund, the committee evaluated how the municipalities are utilizing their current Municipal Street Aid funding. In addition, the committee sought to understand the

state's road classification inventory, and the cost per mile for both the statewide and the Municipal Street Aid program.

In their examination of how all 57 municipalities have expended their Municipal Street Aid funding over that last three years, the committee's findings revealed that the majority spend a large portion of their subsidy on utility bills and law enforcement. This is directly related to how the fund was established, centering around population and the major roads that travel through municipalities. Similarly, standards for street lights and police officers, a mandatory necessity for safety and construction, became a part of the expenditures of the funding.

In an attempt to bridge this gap, municipalities have crafted ways to supplement their current apportionment of Municipal Street Aid funding through their own budgets and bonds, for the construction, maintenance and improvements of streets and bridges. But they are falling short. With considerable backlogs and rising costs, even the municipalities' supplement to street aid cannot begin to address the deficit cities and towns are facing with regards to the funding needed to maintain the street systems.

Taking into account the varied uses for Municipal Street Aid and after careful review, the committee determined not to have any changes to the current permitted applications. Although all needs are not being met, it was recognized that all current uses are key to the operation of the municipalities as a whole. However, the committee also acknowledged that the available funding sources are inadequate and street systems statewide will only continue to deteriorate without additional funding.

Subsequently, the committee considered the challenges that the Municipal Street Aid fund is facing. The issue appears to be two-fold:

- Increasing transportation costs for street systems due to aging infrastructure, increasing population, and growing demands on the system. And
- The reduction in Gas Tax revenues which resulted in a decrease in Municipal Street Aid funding.

Increasing population statewide, projected to increase by 25% by the year 2040, results in heightened traffic numbers, congestion, and greater demands on older roadways. In addition to the surge in population, other transportation challenges that the State has faced have been the rising cost of construction materials, labor and fuel cost. As funding for roads and bridges has faltered over the past five years, construction costs have ballooned because of increased worldwide demand for asphalt, concrete, steel and other commodities used to build and maintain highways. Materials prices have increased at a much faster pace than general consumer prices. A

recent study has shown that in the last 5 years, labor costs have increased between 12 and 33%, hot mix has gone from \$35/ ton to almost \$45/ ton, an increase of 28%, and Diesel fuel has increased in the last 5 years close to 60%.

Furthermore, there has been a decrease in available revenues due to a slow economy and a reduction in Gas Tax revenues as the use of efficient vehicles rises. Revenue sources are not keeping up with the cost of living, and none of the current funding resources are inflation-sensitive. The Transportation Trust Fund has felt the impact of slumping revenues from state fuel taxes, the largest single source of state revenues for transportation. Collections from gasoline and diesel taxes have either stayed flat or declined since 2003. Moreover, receipts from state vehicle registration fees, taxes on auto sales and other auto-related revenues have been under siege since the recession began at the end of 2007.

The problem is systemic, as transportation is also struggling on a national level due to the fact that the revenues coming in are not matching the expenditures every state is predicting. The expectation is that at the current rate by 2012 the federal program will run out of money.

Because of funding constraints and spiraling construction costs, in some cases construction activity (building or rebuilding roads) has taken a back seat to less costly efforts aimed at preserving existing pavement. But fewer cracks, ruts and potholes doesn't necessarily equate to a healthy, growing road system. This skin-deep strategy may make for a bumpier ride down the road. Resurfacing and patching cannot keep roads in good shape indefinitely; eventually they must be rebuilt from the ground up to restore their structural strength, enhance safety, and in areas where the population and economy are growing, accommodate more traffic.

Fiscal restraints translate into less available resources to keep up with the growth statewide, as well as less available funding for Municipal Street Aid. With an ever expanding backlog of project needs, that not only DelDOT is facing, but Municipalities across the state; it is now an apparent struggle just to maintain the current system, much less invest in a new one.

With diminishing funding levels to support the needs of the transportation system and the demand for providing transportation improvements and services continuing to outpace resources, the Statewide street system will continue to deteriorate. Additional funding is absolutely essential to accomplish the goals and objectives of a safe, efficient, and environmentally sensitive transportation system.

History

The State's fundamental source for transportation related projects, the Transportation Trust Fund, was created in 1988 and supports all of DelDOT's activities, including: debt services, department and transit operations, as well as a Capital program. The TTF's flexibility provides for integrated approaches that eliminates concern for the individual funding constraints, due to funds from all sources are available for all modes. Also, at the close of the fiscal year unexpended funds remain in the TTF and do not revert to the State's General Fund.

Municipal Street Aid was created in 1953 by State law, Title 30 Chapter 51. Motor Fuel Tax, Subchapter III. State Aid to Municipalities for Streets (Exhibit B). The purpose of this legislation was to apportion to municipalities a share of Motor Fuel Taxes, through a formula-based grant, for maintaining and improving municipal street systems. The computation for fund distribution is calculated annually on June 30th of each year or at the end of the state fiscal year by the Delaware Department of Transportation. The funding formula for each Municipality includes a 40% distribution in the proportion that the population of each municipality bears to the total population of all participating municipalities, and 60% distribution in the proportion of the mileage of usable streets not maintained by the State in each municipality bears to the total mileage of said streets in all municipalities.

The municipality must be in existence for a period of at least one year, and currently there are 57 municipalities that are eligible for funding. The funds are to aid in the town's costs in connection with the construction, reconstruction or maintenance of streets, highways, avenues, boulevards, bridges, tunnels, alleys or other public ways dedicated to public use and maintained for general motorized vehicular traffic, within their jurisdiction, and which are not maintained by DelDOT. DelDOT verifies and creates a complete features inventory of any new streets/roads, and enters the new mileage in the department's road inventory database.

There are restrictions on how the monies can be used and there is a requirement that the funds are to be kept in a separate account. There are other requirements, including an Annual Report, which must be filed, by the municipality, to the State Treasurer no later than October 1st.

The process begins April 15th, with correspondence being mailed to each of the eligible municipalities. The responses must be received back from the municipality by May 15th. The calculations to determine the share for each municipality is completed on, or before June 30th. The total funding is to be determined by the Bond Bill approval after July 1st. The distribution tabulation is forwarded to the State Treasurer's Office for the disbursement of funds. Each municipality shall keep all funds received from the state municipal aid fund in a separate account, designated as "Municipal Street Aid Fund".

Municipal Street Aid Fund - Quick Facts Sheet:

- Municipal Street Aid was established in 1953 to recognize that municipalities have to maintain the street system inside of incorporated areas, and supplements municipal contributions for the construction, maintenance and improvements of streets and bridges.
- The Municipal Street Aid funding is provided, via the Motor Fuel Tax revenues, to local municipalities to supplement the construction, maintenance and improvements of streets and bridges. The appropriations are distributed through the State's Treasurer's office as a portion of the Transportation Trust Fund within the Capital Improvement Program, the sum appropriated in the annual Bond and Capital Improvement Act.
- The appropriated funds are distributed by formula are in the form of a grant, and the formula utilized to compute distribution to all 57 municipalities is based on both municipal population and mileage. The purpose of this legislation was to apportion to municipalities a share of Motor Fuel Taxes, through a formula-based grant, for maintaining and improving municipal street systems.
- Population and licensed drivers in Delaware continue to rise, resulting in heightened traffic numbers, congestion, and greater demands on older roadways. Since 2007, population numbers in Delaware have increased at a rate of approximately 10,000 per year. There are now 837,839 Delaware residents, with 639,362 licensed drivers, and 823,590 registered motor vehicles. There were over 8.6 million vehicles miles traveled on Delaware roads in 2009.
- There has been a decrease in available revenues for the State's transportation system due to a slow economy and a reduction in Gas Tax revenues as the use of efficient vehicles rises. Revenue sources are not keeping up with the cost of living, and none of the current funding resources are inflation-sensitive. The Transportation Trust Fund has felt the impact of slumping revenues from state fuel taxes, the largest single source of state revenues for transportation. Collections from gasoline and diesel taxes have either stayed flat or declined since 2003. Moreover, receipts from state vehicle registration fees, taxes on auto sales and other auto-related revenues have been under siege since the recession began at the end of 2007.
- As funding for roads and bridges has faltered over the past five years, construction costs have ballooned because of increased worldwide demand for asphalt, concrete, steel and other commodities used to build and maintain highways. Materials prices have increased

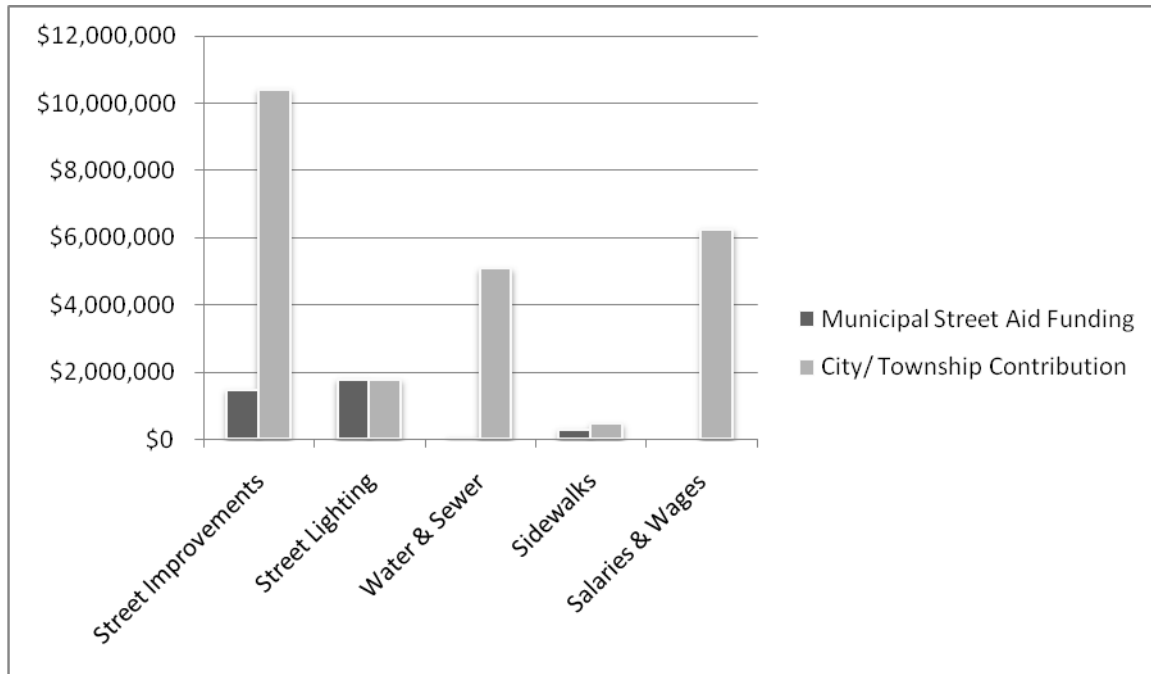
at a much faster pace than general consumer prices. A recent study has shown that in the last 5 years, labor costs have increased between 12 and 33%, hot mix has gone from \$35/ton to almost \$45/ ton, an increase of 28%, and Diesel fuel has increased in the last 5 years close to 60%. While in that same time period, the Consumer Price Index for household goods has only risen 22.6%.

- An aggregate of this same sample of municipalities illustrated that they are expending over \$28,859,077 million annually on their street programs. While, for the same representative group of municipalities, the Municipal Street Aid funding they are receiving only amounts to \$2,020,218 million. This disconnect underscores the need for additional funds.
- With diminishing funding levels to support the needs of the transportation system and the demand for providing transportation improvements and services continuing to outpace resources, the Statewide street system will continue to deteriorate. Additional funding is absolutely essential to accomplish the goals and objectives of a safe, efficient, and environmentally sensitive transportation system.

Municipal Street Aid Current Funding Utilization

A recent review of the aggregate of annual Municipal Street Aid reports over a five year period, gives a good picture of how the municipalities are utilizing the funds

The table below illustrates a few examples of the uses for Municipal Street Aid monies and how a sampling of municipalities utilizes their current apportionment, while supplementing shortfalls with their own funding:



Given that street lights and police officers are a large part of the costs for municipalities in the operation of a street system, the majority of municipalities expend a large portion of the Municipal Street Aid funding they are allotted on this mandatory necessity for safety and construction. The municipalities then cover the cost of street maintenance activities by supplementing with funding from their operating budgets, but it's insufficient to fully meet the needs. Consequently, the cost to fulfill many of the needs of the street system is so great, that the repair and improvement of the streets and pavements are often backlogged.

At the time of its establishment, the Municipal Street Aid fund was more of a revenue generating source, and the method for distribution of the allotted funding was created on what percentage each municipality would receive based on population and street mileage. As DelDOT faced fiscal challenges, a cap in the calculation on the portion of the Gas Tax for Municipal Street Aid was levied on the fund. As the amount of allotted dollars to the fund decreased, the amount of

investment into maintaining and improving municipal street systems continued to decline. With less funding to meet an already substantial gap, the municipalities were forced to contribute more of their own operating budgets to keep pace with the rising costs of utilities, salaries and wages, and minor street maintenance and repair. As a result, street systems throughout the state continued to deteriorate. Municipalities are utilizing their allocation of Municipal Street Aid funds exactly how they were intended to be disbursed, but the cost of maintaining their streets systems goes far beyond the supplement from this grant if it is not given an additional infusion of dollars.

Current eligible uses of the Municipal Street Aid funds are as follows:

- “An amount not exceeding 30% of the annual grant may be used for the following purposes:
 - Construction, installation, repair, maintenance or replacement of water and sewer systems;
 - Preparation or revision of comprehensive plans for urban renewal;
 - Payment of principal and interest on any bonds issued for the purpose of subdivision a. of this paragraph, (not withstanding that such indebtedness may have been incurred prior to May 27, 1972.)
- “Any portion of the grant may be expended for:
 - Salaries and Wages incurred as a direct result of street repair, maintenance and construction.
 - Contracts – contractual obligations relating to street construction, reconstruction, repair and maintenance.
 - Sidewalks and Under/Overpasses costs incurred in the construction, reconstruction or repair necessary for pedestrian safety.
- “Any portion of the annual grant not expended above, may be expended for the following purposes:
 - Street improvements
 - Equipment related /utilized for street improvements and maintenance.
 - Rights-of-way – purchase and including the improvements and maintenance thereof.
 - Fund Administrator – a reasonable amount for maintenance of financial records.
 - Law enforcement Essentials.
 - Lighting of the streets and all expenses related thereto,

- Payment of principal and interest on any bonds issued for street improvements.
- Unallowable Expenditures:
 - Electricity – Christmas lights
 - Garbage Truck
 - Trash Collection
 - Town Hall Maintenance
 - Flag Pole Flag

Municipal Contributions to Maintain Current Street System and Utilization of Additional Municipal Street Aid Funding

There are several factors contributing to the problem of aging infrastructure. Decreasing resources available for Capital projects coupled with increasing costs drivers for materials, like fuel and steel, results in a deteriorating transportation network. DelDOT and the State's municipalities are doing a respectable job and Delaware's bridges and pavements are reasonably well maintained, but road conditions are beginning to go in the wrong direction. The state street system is graded, and the numbers are on a downhill trend. There has been much effort to maintain our transportation network, but there are areas in municipalities that are not getting addressed. There are streets in communities that are aging and the preventive care has not been put into place to keep those functional, and it may be reaching point where it's headed into reconstruction rather than preventive maintenance.

To address these issues municipalities have instituted several mechanisms to try and overcome the challenges presented by the shortfall, in funding through bond offerings and contributing funds from their own operating budgets. In an analysis of a sampling of the municipalities' current funding levels and their pavement conditions, it was apparent that if funding levels do not increase there is no way to catch up to the backlog of unfunded pavement repairs and deterioration. And although municipalities have crafted ways to supplement their current apportionment of Municipal Street Aid funding for the construction, maintenance and improvements of streets and bridges, they have been unsuccessful. Even with the municipalities supplementing street aid, the deficit from rising costs and the accumulating stockpile of necessary projects does not begin to surmount the obstacles of maintaining our street systems.

Additionally, an aggregate of this same sample of municipalities illustrated that they are expending over \$28,859,077 million annually on their street programs. While, for the same representative group of municipalities, the Municipal Street Aid funding they are receiving only amounts to \$2,020,218 million. This disconnect underscores the need for additional funds.

If subsidized with additional funding, the aforementioned samplings of municipalities have identified, based on current backlogs, their prioritized action items (Exhibit C).

Furthermore, the committee's position is that as a requirement for additional funding, municipalities with a documented need for an insurgence of funds to their street improvements program must institute a pavement monitoring system, and the funds would only be utilized for the construction, maintenance and improvements of streets and bridges prioritized within that system.

Committee Recommendations

It is apparent that funding levels have diminished in recent years by declining revenues to support the needs of the transportation system. The demand for providing transportation improvements and services continues to outpace the revenues available through the Transportation Trust Fund.

At some point in the future, not tomorrow or next year, but probably within the next decade, the State's highway system will come to a fork in the road. For the network to stay in working order and expand to accommodate a rising population and resurgent economy, funding must increase. That means motorists and others beneficiaries of roads and bridges will have to pay more for their use. Alternatively, the other path forward, the cost of operating the system has to fall to match lower levels of investment.

Faced with continued public resistance to increases in fuel taxes and other familiar levies and fees for roads, government may be able to tap other forms of revenue, such as road tolls and assessments on developed land, but a source for additional funding must be identified.

The optimum additional funding the Committee is seeking is \$13 million over and above the current funding level for State Fiscal Year 2011. Conversely, the Committee also advocates that the current \$4 million amount of funding may continue to be expended under the established permitted uses already defined. This additional funding would be a graduated allocation process if necessary. The figure was arrived at by utilizing DelDOT's calculation of \$22,135 per mile to pave and rehabilitate a road, and would be applied to the existing backlog of deteriorating municipal streets and bridges.

- The Committee recommends and understands that any increase to give greater support to the municipalities must be graduated over a period of time. However, there should be an escalator clause as to not freeze the fund making shortfalls inevitable.
- The Committee members also recommends, if necessary, that such increases would be dedicated to only improvements to their roads and bridges.
- The Committee members also recommends to provide every five years, a complete review of what progress has been made by the use of funds and in helping to close the maintenance gap on their roads and bridges.
- The Committee also recommends that the five year review requirement should be funded from the increase in funds for Municipal Street Aid.
- The Committee recommends that with recent study done by the Transportation Trust Fund, the noted funding options within that report should give members of the General Assembly various methods to increase funding sources. The Committee is in full agreement with the Task Force Study's findings (Exhibit D).

Exhibits List

Exhibit A	FY2011 Bond Bill, House Bill NO.500, Section 113
Exhibit B	Title 30 Chapter 51. Motor Fuel Tax, Subchapter III. State Aid to Municipalities for Streets
Exhibit C	Sampling of Delaware Municipal Pavement Management Reports
	Exhibit C-1 Bethany Beach
	Exhibit C-2 Newark
	Exhibit C-3 Wilmington
Exhibit D	Exerts From the 2011 Transportation Trust Fund Task Force Revenue Options Report

EXHIBIT

A



SPONSOR: Rep. Keeley & Sen. Venables

Mulrooney	Sokola
Schooley	Cook
Viola	McDowell
Carey	Simpson
Oberle	Sorenson

HOUSE OF REPRESENTATIVES
145th GENERAL ASSEMBLY

HOUSE BILL NO. 500

A BOND AND CAPITAL IMPROVEMENTS ACT OF THE STATE OF DELAWARE AND CERTAIN OF ITS AUTHORITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2011; AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE; APPROPRIATING FUNDS FROM THE TRANSPORTATION TRUST FUND; APPROPRIATING SPECIAL FUNDS OF THE DELAWARE TRANSPORTATION AUTHORITY; DEAUTHORIZING AND REAUTHORIZING CERTAIN FUNDS OF THE TRANSPORTATION TRUST FUND; APPROPRIATING GENERAL FUNDS AND SPECIAL FUNDS OF THE STATE; REVERTING AND REPROGRAMMING CERTAIN FUNDS OF THE STATE; DIRECTING THE DEPOSIT OF CERTAIN FUNDS TO THE GENERAL FUND; SPECIFYING CERTAIN PROCEDURES, CONDITIONS AND LIMITATIONS FOR THE EXPENDITURE OF SUCH FUNDS; AMENDING CERTAIN PERTINENT STATUTORY PROVISIONS; AND AMENDING THE LAWS OF DELAWARE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fourths of all members elected to each house thereof concurring therein):

1 Section 1. Fiscal Year 2011 Capital Improvements Project Schedule Addendum. The General Assembly hereby authorizes
2 the following projects in the following amounts for the purposes set forth in this Section and as described in the Fiscal
3 Year 2011 Governor's Recommended Capital Budget and Project Information document. Any authorization balance
4 (excluding Transportation Trust Fund balances) remaining unexpended or unencumbered by June 30, 2013, shall be
5 subject to reversion or reauthorization.

7 Section 113. Municipal Street Aid Program. The Secretary of Transportation shall establish a
8 committee of Municipal leaders to examine and evaluate the current Municipal Street Aid program in an
9 effort to ensure appropriate funding levels and program initiatives. A report of findings will be submitted to
10 the Governor and General Assembly by March 31, 2011.

EXHIBIT

B



TITLE 30

State Taxes

Commodity Taxes

CHAPTER 51. MOTOR FUEL TAX

Subchapter III. State Aid to Municipalities for Streets

§ 5161. Definitions.

As used in this subchapter:

(1) "Municipality" means any incorporated city or town charged with any duty connected with the construction or maintenance of streets and having been in existence for a period of 1 year.

(2) "Municipal Street Aid Fund" means the funds set up under this subchapter from money received under this subchapter.

(3) "Street improvements" means construction, reconstruction, repair and maintenance of streets, including paving, repaving, grading and drainage, repairs, acquisition of rights-of-way, extension and widening of existing streets, elimination of railroad grade crossings, acquisition of trucks and other equipment necessary in the construction and maintenance of streets, removal of snow and ice and the laying of materials for traction, purchase and installation of street identification signs and traffic control signs, construction, reconstruction and repair of sidewalks and underpasses and overpasses necessary for pedestrian safety, administration and other necessary expenses in connection with such street improvements, and the expenses of law enforcement for the policing of the streets, including, but not limited to, salaries, equipment, vehicles and supplies.

(4) "Streets" includes streets, highways, avenues, boulevards, bridges, tunnels, alleys or other public ways dedicated to public use and maintained for general motorized vehicular travel lying within a municipality's corporate boundary, except that this term does not include state or federal highways within municipalities maintained by the

Department of Transportation. The Department shall determine which areas are eligible for municipal street aid funds.

30 Del. C. 1953, § 5161; 51 Del. Laws, c. 55, § 1; 59 Del. Laws, c. 435, § 1; 65 Del. Laws, c. 354, § 1.;

§ 5162. Appropriations paid through State Treasurer.

(a) There shall be appropriated annually to municipalities within the State beginning in the State's 1998 fiscal year and each subsequent year thereafter in conjunction with, pursuant to, and as a portion of, the Delaware Transportation Trust Fund within the Capital Improvement Program, a sum in the amount as appropriated in the annual Bond and Capital Improvement Act. The sum so appropriated shall be transferred to the Municipal Street Aid Fund by the State Treasurer and distributed to municipalities as provided in this subchapter.

(b) When deemed in full compliance with the provisions of § 5165(b) of this title, the State Treasurer is authorized to process payments to municipalities in the following manner:

(1) Recipients of municipal street aid whose total fiscal year share is \$50,000 or less shall receive a lump-sum distribution.

(2) Recipients of municipal street aid whose total fiscal year share is greater than \$50,000 but not more than \$200,000 shall be paid in 2 equal installments, 1 in July and the other in January.

(3) Recipients of municipal street aid whose total fiscal year share exceeds \$200,000 shall be paid in 4 equal installments, 1 each in July, October, January and April of each year.

30 Del. C. 1953, § 5162; 51 Del. Laws, c. 55, § 1; 55 Del. Laws, c. 106; 59 Del. Laws, c. 216, § 2; 61 Del. Laws, c. 414, § 1; 64 Del. Laws, c. 415, § 1; 66 Del. Laws, c. 87, § 3; 66 Del. Laws, c. 360, § 52; 67 Del. Laws, c. 285 § 53(a); [71 Del. Laws, c. 150, § 73.](#);

§ 5163. Time and method of computation.

(a) The Department of Transportation shall compute annually on June 30 of each year or at the end of the state fiscal year the moneys due each participating municipality from the state Municipal Street Aid Fund. Such computation shall be based upon the share of the proceeds of the motor fuel tax imposed by this chapter and appropriated by this subchapter.

(b) Each annual computation by the Department shall be made as follows:

(1) Forty percent of the state Municipal Street Aid Fund shall be distributed in the proportion that the population of each municipality bears to the total population of all participating municipalities. Population shall be ascertained in accordance with § 5165(b)(4) of this title.

(2) Sixty percent of the state Municipal Street Aid Fund shall be distributed in the proportion that the mileage of usable streets not maintained by the State in each municipality bears to the total mileage of said streets in all municipalities.

(c) No municipality shall be entitled to participate under this subchapter unless it has been in existence for a period of at least 1 year prior to any distribution; fractions of a year shall not be taken into consideration when distribution is made.

30 Del. C. 1953, § 5163; 51 Del. Laws, c. 55, § 1; 51 Del. Laws, c. 243; 59 Del. Laws, c. 216, § 2; 61 Del. Laws, c. 414, § 2.;

§ 5164. Certification of Secretary of Transportation; time for payment.

The Department of Transportation shall forward to the Secretary of Transportation within 20 days after each annual computation a certification as to the sum of money due each municipality from the state Municipal Street Aid Fund. Such certification shall be used by the Secretary to advise the State Treasurer as to distribution of the moneys as provided in this subchapter not later than 30 days from the date of receiving the certification.

30 Del. C. 1953, § 5164; 51 Del. Laws, c. 55, § 1; 59 Del. Laws, c. 216, §§ 2, 3; 61 Del. Laws, c. 414, §§ 2, 3.;

§ 5165. Expenditures of funds by municipalities; records, audits and regulations of municipalities.

(a) Each municipality shall keep all funds received from the state municipal aid fund in a separate account, designated as "Municipal Street Aid Fund" and may expend such funds as follows:

(1) An amount not exceeding 30% of the annual grant may be used for the following purposes:

a. Construction, installation, repair, maintenance or replacement of water and sewer systems;

b. Preparation or revision of comprehensive plans for urban renewal;

c. Payment of principal and interest on any bonds issued for the purpose of paragraph (a)(1)a. of this section, notwithstanding that such indebtedness may have been incurred prior to May 27, 1972.

(2) Any portion of the annual grant not expended pursuant to paragraph (a)(1) of this section may be expended for the following purposes:

a. Street improvements;

b. Lighting of the streets and all expenses related thereto;

c. Payment of principal and interest on any bonds issued for street improvements.

(b) Each municipality shall:

(1) Furnish evidence annually to the State Treasurer that the municipal employees authorized to expend municipal street aid funds are bonded in an amount as may be required by the charter of the municipality;

(2) In a form prescribed by the State Treasurer, submit an accurate and complete annual report not later than October 1 of each year to the State Treasurer showing expenditures of municipal street aid funds for the preceding fiscal year ended June 30. Such form shall itemize each expenditure as represented on said form as "Other expenditures";

(3) Award contracts for street improvements which shall be in accordance with the provisions of Chapter 69 of Title 29, and any specifications of the Department of Transportation;

(4) On or before May 15 of each year, file with the Department of Transportation an affidavit signed by the mayor, city manager or president of the council of the municipality, setting forth:

a. The population of the municipality, based on a complete house by house and person by person census of the municipality. In the absence of this special census, the Department of Transportation will use whichever is greatest: the latest decennial census or the latest official estimate prepared by either the United States Bureau of the Census or the Delaware Population Consortium. For purposes of this subchapter, the population of a municipality which is a summer resort shall be deemed to include all property owners entitled to vote in a municipal election; and

b. A tabulation of streets added during the past fiscal year which are dedicated to public use and maintained by their municipal forces. Said tabulations

should include street names, starting and ending points, and length in feet or miles, and be accompanied by a map indicating location of any new streets.

(c) Pending expenditure of funds received pursuant to § 5163 of this title, a municipality may make short-term investments of such funds in United States government securities or may deposit same in any bank or savings and loan association interest-bearing accounts or certificates guaranteed by any agency of the United States government. Any interest earned on such investments or deposits shall be used for the purposes set forth in paragraph (a)(2) of this section. Such investments or deposits shall not be deemed to be "expenditures" of the funds as set forth in subsection (a) of this section.

30 Del. C. 1953, § 5165; 51 Del. Laws, c. 55, § 1; 57 Del. Laws, c. 343; 57 Del. Laws, c. 741, §§ 24C, 24F, 24G; 58 Del. Laws, c. 150; 58 Del. Laws, c. 409, § 1; 59 Del. Laws, c. 216, § 3; 59 Del. Laws, c. 435, § 2; 60 Del. Laws, c. 113, § 48; 60 Del. Laws, c. 421, § 1; 61 Del. Laws, c. 44, § 1; 67 Del. Laws, c. 285, §§ 53(b)-(d); [73 Del. Laws, c. 95, § 99](#);

§ 5166. Unauthorized expenditures; personal liability.

(a) No municipal official or employee shall authorize, direct or permit the expenditure of money from any Municipal Street Aid Fund for any purpose except those specifically authorized by this subchapter. Any municipal official or employee who violates this section shall be personally liable to the extent of the unauthorized expenditure.

(b) Upon report by the State Auditor of Accounts that expenditures of municipal street aid funds have been made by a municipality for purposes other than as set forth in this subchapter, the State Treasurer shall withhold all further payments of municipal street aid funds to such municipality until:

(1) The Attorney General or the courts of this State shall have found the disputed expenditures to have been proper;

(2) The municipality shall have reimbursed the municipal street aid funds to the extent of the improper expenditures; or

(3) The municipal official or employee responsible has made restitution to the Fund as set forth in subsection (a) of this section.

30 Del. C. 1953, § 5166; 51 Del. Laws, c. 55, § 1; 59 Del. Laws, c. 435, § 3; 60 Del. Laws, c. 113, § 48;

EXHIBIT

C - 1

PAVEMENT MANAGEMENT REPORT
Using
Road Surface Management System
(RSMS 98)

for

Bethany Beach

Delaware

Date: September 2009

Prepared by:

KERCHER ENGINEERING, INC.
254 Chapman Rd. Suite 202
Newark, DE 19702
(302)894-1098

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• Patching	SRC-PA-1 to SRC-PA-2
• Preventive Maintenance	SRC-PM-1 to SRC-PM-4
• Rehabilitation	SRC-MO-1 to SRC-MO-2
• Defer Rehabilitation	SRC-DR-1
4. Sample Budget Reports	
a) \$125,000 per Year – 5 Year Budget	B-1 to B-3

Part II - Basic Information about RSMS

1. Explanation of RSMS Reports	ER-1 to ER-2
2. Customization of RSMS	PC-1 to PC-2
3. Pavement Maintenance/Repair Strategies	PM-1 to PM-3
4. Examples of RSMS Success	EX-1 to EX-3
5. Introduction to RSMS	RS-1 to RS-7

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Part III - RSMS COMPUTER REPORT

1. Inventory of Roads	R-1 to R-5
2. Summary of Road Condition Survey	R-6 to R-41
3. Maintenance Summary – <i>Not Prioritized</i>	R-42 to R-57
4. Summary of Costs	
a) Sorted by Name	R-58 to R-62
b) Sorted by Value	R-63 to R-67
c) Sorted by Category	R-68 to R-73

PART I
SUMMARIES OF THE
RSMS REPORT

NETWORK CONDITION RATING
ENTIRE NETWORK

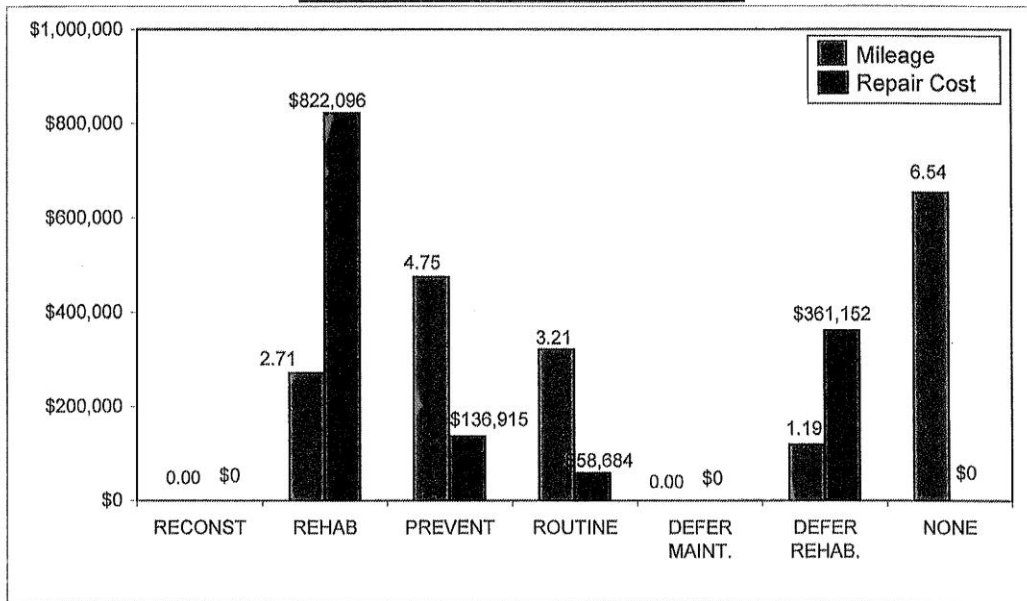
REPAIR STRATEGY	DISTANCE		PERCENT	COST
RECONSTRUCTION (Rebuild)	0.00	MILES	0.00%	\$0.00
REHABILITATION (Overlays)	2.71	MILES	14.73%	\$822,096.00
PREVENTIVE MAINT. (Surface Coats)	4.75	MILES	25.82%	\$136,914.63
ROUTINE MAINT. (Crack Seal, Patching)	3.21	MILES	17.45%	\$58,683.50
DEFER MAINTENANCE	0.00	MILES	0.00%	\$0.00
DEFER REHABILITATION	1.19	MILES	6.47%	\$361,152.00
NO MAINTENANCE REQUIRED	6.54	MILES	35.54%	\$0.00
TOTAL	18.40	MILES		\$1,378,846.13

Cost per Mile : **\$74,937.29**

Pavement Condition Index : **74.96**

PAVED ROADS

DISTANCE & REPAIR COSTS/ STRATEGY



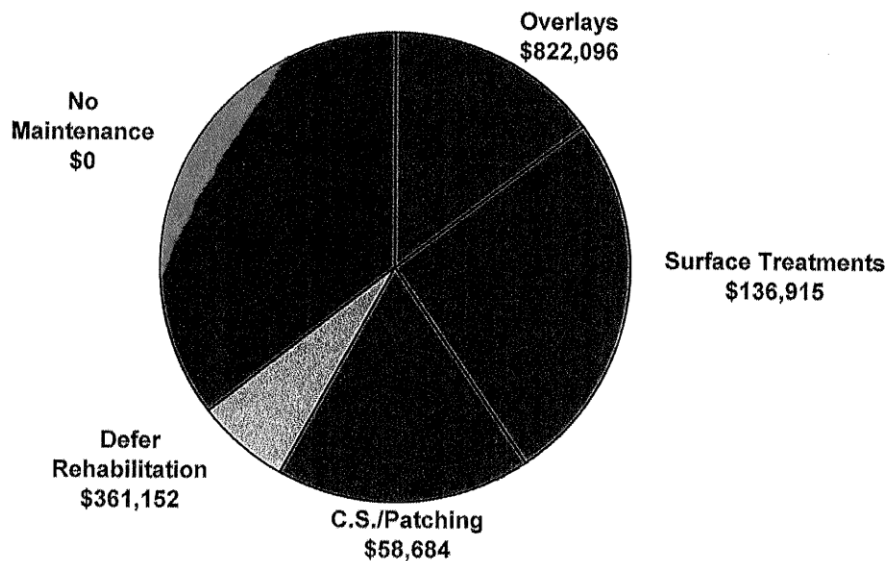
NETWORK CONDITION RATING
ENTIRE NETWORK - PIE CHART

REPAIR STRATEGY	DISTANCE	PERCENT	COST
RECONSTRUCTION (Rebuild)	0.00 MILES	0.00%	\$0.00
REHABILITATION (Overlays)	2.71 MILES	14.73%	\$822,096.00
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TOTAL	18.40 MILES		\$1,378,846.13

Cost per Mile : \$74,937.29

Pavement Condition Index : 74.96

REPAIR COSTS vs. STRATEGY



EXHIBIT

C -2

City of Newark
2010 Pavement Management
Analysis

10 Year Budget - Optimized Analysis Results with \$400K Structural Rehab/Yr. - 10 Years

(\$400K Structural Rehab/Yr. - dedicated funding - Remaining funds are spent "freely")

Summary of Results

Year	PCI	Proposed Repair Cost	Unfunded Backlog	Miles Repaired	Unrepaired Mileage Backlog
2011	71.68	\$1,497,187	\$12,194,427	7.24	41.27
2012	72.16	\$1,748,699	\$11,826,467	5.61	36.12
2013	72.76	\$1,748,520	\$12,781,056	5.69	31.71
2014	73.44	\$1,749,254	\$12,532,523	5.93	27.19
2015	74.02	\$1,747,789	\$13,906,250	6.28	23.23
2016	74.24	\$1,749,801	\$13,242,467	5.37	18.04
2017	74.93	\$1,749,128	\$12,371,144	10.17	15.67
2018	75.69	\$1,749,840	\$11,853,927	11.57	14.19
2019	76.21	\$1,748,804	\$12,653,486	9.06	12.73
2020	76.38	\$1,748,635	\$12,287,813	6.99	11.04

City of Newark
2010 Pavement Management
Analysis

10 Year Budget - Optimized Analysis Results

Summary of Results

Year	PCI	Proposed Repair Cost	Unfunded Backlog	Miles Repaired	Unrepaired Mileage Backlog
2011	71.44	\$1,499,992	\$12,191,621	5.82	42.68
2012	71.95	\$1,749,921	\$11,876,237	5.41	37.75
2013	72.5	\$1,749,997	\$12,782,976	5.62	33.38
2014	73.37	\$1,749,990	\$12,369,352	5.71	29.08
2015	74.04	\$1,749,903	\$13,683,841	5.95	25.45
2016	74.22	\$1,749,910	\$12,964,012	4.63	20.99
2017	74.84	\$1,749,956	\$12,407,008	8.54	18.63
2018	75.66	\$1,749,920	\$11,984,968	10.84	17.57
2019	76.34	\$1,749,998	\$12,628,227	9.93	15.39
2020	76.67	\$1,749,759	\$12,281,664	7.71	13.39

City of Newark
2010 Pavement Management
Analysis

10 Year Budget - \$1 Million from 2013-2020 Optimized Analysis Results

Summary of Results

Year	PCI	Proposed Repair Cost	Unfunded Backlog	Miles Repaired	Unrepaired Mileage Backlog
2011	71.44	\$1,499,992	\$12,191,621	5.82	42.68
2012	71.95	\$1,749,921	\$11,876,237	5.41	37.75
2013	70.93	\$999,790	\$13,533,183	3.55	35.45
2014	69.96	\$999,438	\$14,229,824	3.48	33.39
2015	68.9	\$999,501	\$17,134,194	3.22	32.48
2016	67.83	\$999,590	\$17,294,693	3.23	29.44
2017	66.85	\$999,848	\$17,744,085	6.05	29.56
2018	65.93	\$999,307	\$18,737,459	7.08	32.24
2019	65.06	\$999,903	\$21,212,196	7.05	31.5
2020	64.05	\$999,841	\$23,153,982	7.1	28.67

EXHIBIT

C -3



City of Wilmington, DE City-Wide Pavement Network 10-Year Future Projections

Based on 4 “Possible” Funding Levels

\$1 Million/Year

\$2 Million/Year

\$3 Million/Year

\$4 Million/Year

**Prepared By:
KERCHER ENGINEERING, INC.
February 10, 2011**

Backlog Analysis

**(AKA – Unfunded Future Pavement
Repair Needs)**

**A method of “Monetizing” the Amount
of Pavement Deterioration over time**

**Prepared By:
KERCHER ENGINEERING, INC.
February 10, 2011**

Results of the “Backlog” Analysis

Budget	Y2020 “Backlog”
\$4 Mil/Yr	\$20.5 Mil
\$3 Mil/Yr	\$39.1 Mil
\$2 Mil/Yr	\$55.2 Mil
\$1 Mil/Yr	\$75.8 Mil

Note:

Y2010 Backlog – Starting Point for the “Backlog” Analysis was \$36 Million

**Prepared By:
KERCHER ENGINEERING, INC.
February 10, 2011**

Summary of the 10-Year Analysis

Summary of the Analysis

Budget	Y2020 PCI	Change in PCI	Y2020 Backlog	Increase in Backlog
\$1 Mil/Yr	53.97	-18.5	\$75.8 Mil	\$39.8 Mil
\$2 Mil/Yr	64.59	-7.9	\$55.2 Mil	\$19.2 Mil.
\$3 Mil/Yr	71.90	-0.6	\$39.1 Mil	\$3.1 Mil
\$4 Mil/Yr	79.95	7.45	\$20.5 Mil	\$-15.5 Mil. (Reduction)
2010 Values	72.5		\$36.0 Mil	

Prepared By:
KERCHER ENGINEERING, INC.
February 10, 2011

Notes:

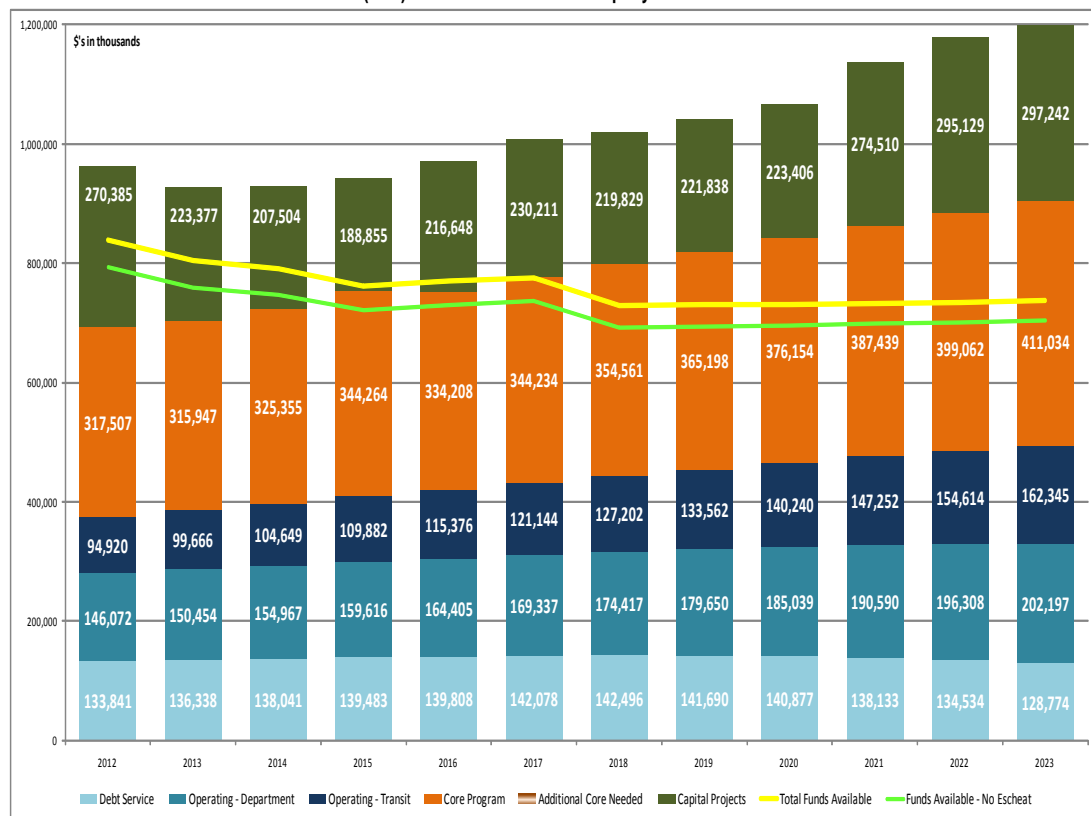
1. The analysis was performed using the Agile Assets, Inc. Pavement Management System.
2. A 10-Year Analysis was performed using 4 “assumed” annual budget levels.
3. The optimized multi-constraint analysis was performed with the defined “objective” of the analysis to be maximize “network-wide” benefit. For this analysis, benefit was defined as maximizing the performance of the pavement network with traffic level as an additional factor. In short, this means that the specific set of streets, treatments and year to apply the treatments that would yield the best overall condition of the pavements for the next ten years. The system will tend to fund treatments that will preserve the pavements in better condition and allow the streets in the worst condition to deteriorate further. This is known as a “best-first” solution. If a “worst-first” solution is used, the analysis results would show that the PCI scores would be lower and the backlogs would be larger.
- 4. The results indicate that slightly more than three million dollars a year is needed to maintain the pavement system in its current condition.**
5. Any questions may be directed to Alan Kercher, P.E. He may be reached at 302-894-1098 or ask@kercherei.com.

EXHIBIT

D

VIII. Capital Program Funding Scenarios

The Task Force requested a gap analysis model to determine the revenue needed to adequately meet the current capital funding needs as presented by the CTP. While the Department is authorized legislatively to receive an annual contribution from the General Fund through escheat funds, this funding has not been contributed over the past several years. The model assumes no escheat due to the variability of this funding.



	CURRENT CTP					MID-TERM						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Operating	374,832	386,457	397,657	408,980	419,589	432,559	444,115	454,902	466,156	475,975	485,457	493,317
Total Core Program	317,507	315,947	325,355	344,264	334,208	344,234	354,561	365,198	376,154	387,439	399,062	411,034
Total Capital Projects	270,385	223,377	207,504	188,855	216,648	230,211	219,829	221,838	223,406	274,510	295,129	297,242
Total Program	962,724	925,781	930,516	942,100	970,445	1,007,004	1,018,505	1,041,938	1,065,716	1,137,924	1,179,648	1,201,592
Funds Available with No Escheat	793,595	759,644	747,799	720,439	729,549	736,849	691,320	693,943	695,640	698,245	700,584	703,856
TOTAL ADD'L NEEDS WITH NO ESCHEAT	169,129	166,137	182,717	221,661	240,896	270,155	327,185	347,995	370,075	439,679	479,064	497,736

Gap Analysis

Currently the capital projects identified in the CTP are not fully funded due to insufficient revenues. The analysis below represents the additional funds needed to fully fund and complete the capital transportation improvements identified in the FY2011 – FY2015 program by FY2023.

After considerable deliberation and revisions, the TTF Task Force agreed to the parameters of a gap analysis which is presented above. The analysis uses the current Base Financial Plan to depict the actual forecasted debt-service and operating expenditures. The state capital needs were then plotted based on several assumptions listed below.

Two current funding levels were drawn to depict the available funds. The yellow line represents the available funds from the current base financial plan. The green line depicts the current funds available with the removal of all escheat funds from all years. The total additional needs at the bottom represent the total needs using the no-escheat scenario. In this case the funding gap for FY2012 is \$169 million, and exceeds \$3.7 billion in the period from FY2012 through FY2023.

Capital Program Assumptions-

- The core program was increased to provide additional Community Transportation Fund (CTF) and Municipal Street Aid (MSA) funding to assure roadway conditions can be maintained at acceptable levels.
- The use of Federal Aid for the core program has been maximized.
- The core program was adjusted to meet current and deferred needs for the Paving and Rehabilitation program
- All Heavy Equipment needs are met, there is no deferral of vehicle replacements.
- All phases of the current CTP projects are completed by FY2023. See Appendix F
- No additional capital projects beyond the current CTP projects have been added*.
- An inflation factor of 3% has been added in all years to capital estimates.

***It is important to note that this gap analysis does not provide for any additional funding for any new projects through FY2023. Any new projects or capital needs could substantially increase the funding gap presented.**

US 301

No cost estimates for the new US 301 corridor project are included in any of the analysis or presentations in this report. If US301 is approved and built, the funding for the project is anticipated to be from the proceeds of a dedicated standalone revenue bond issuance. Debt-service payments for the issuance of the bonds are also anticipated to be paid by toll revenues from US 301 toll revenues.

Revenue Requirements to Fill the Funding Gap

Using the agreed upon funding gap analysis, three revenue needs options were created as possible methods to address the funding gap. All three options were further broken down to represent the revenue needs at pay-go levels of 25%, 50% and 75%.

New Revenue Assumptions-

- All new revenues will be continuing annually
- No one-time revenues are assumed
- New revenues will grow at 2% annually

Option One – This option fills the funding gap by providing additional new revenues in each year as needed.

Option Two – This option addresses 25% of the FY2012 need, 50% of the FY2013 need and then 100% of the needs from FY 2014 through FY2023. It is important to note that in the first two years the additional needs not addressed are not ever accounted for. In FY2012 \$127 million and in FY2013 \$126 million in project needs will not be addressed or carried forward.

Option Three – This option fills the funding gap in four-year increments. Adequate revenues are added to the first year to cover the current year plus the next three years total needs.

All three options are provided on the following pages.

OPTION ONE – Providing New Revenues in Each Year as Required to Fill the Funding Gap

Additional Needs	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$169,129	\$166,137	\$182,717	\$221,661	\$240,896	\$270,155	\$327,185	\$347,995	\$370,075	\$439,679	\$479,064	\$497,736

Option One A - Maintaining 50% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$85,000	\$	\$	\$20,000	\$8,000	\$12,000	\$26,000	\$7,000	\$8,000	\$31,000	\$15,000	\$5,000
New Bonds	\$85,000	\$83,000	\$91,000	\$111,000	\$120,000	\$135,000	\$164,000	\$174,000	\$185,000	\$220,000	\$240,000	\$249,00
Needs not addressed	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Option One B - Increasing Borrowing - 25% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$42,282		\$100	\$10,000	\$4,000	\$6,000	\$13,000					
New Bonds	\$127,000	\$125,000	\$137,000	\$166,000	\$181,000	\$203,000	\$245,000	NO	CAPACITY	TO	BORROW	
Needs not addressed	\$											

Option One C - Decreasing Borrowing - 75% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$127,000	\$	\$300	\$31,000	\$11,000	\$18,000	\$39,000	\$11,000	\$11,000	\$47,000	\$23,000	\$7,000
New Bonds	\$42,000	\$42,000	\$46,000	\$55,000	\$60,000	\$68,000	\$82,000	\$87,000	\$93,000	\$110,000	\$120,000	\$124,000
Needs not addressed	\$											

OPTION TWO – 25% in FY2012, 50% in FY2013, 100% in FY2014 – FY2023

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additional Needs	\$169,129	\$166,137	\$182,717	\$221,661	\$240,896	\$270,155	\$327,185	\$347,995	\$370,075	\$439,679	\$479,064	\$497,736

Option Two A - Maintaining 50% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$21,000	\$20,000	\$49,000	\$18,000	\$7,000	\$12,000	\$26,000	\$7,000	\$8,000	\$31,000	\$15,000	\$5,000
New Bonds	\$21,000	\$42,000	\$91,000	\$111,000	\$120,000	\$135,000	\$164,000	\$174,000	\$185,000	\$220,000	\$240,000	\$249,000
Needs not addressed	\$127,000	\$126,000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Option Two B - Increasing Borrowing - 25% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$11,000	\$10,000	\$24,000	\$9,000	\$4,000	\$6,000	\$13,000	\$4,000	\$4,000			
New Bonds	\$32,000	\$62,500	\$137,000	\$166,000	\$181,000	\$203,000	\$245,000	\$261,000	\$278,000	No	Borrowing	Capacity
Needs not addressed	\$127,000	\$126,000										

Option Two C - Decreasing Borrowing - 75% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$32,000	\$30,000	\$73,000	\$26,000	\$11,000	\$18,000	\$39,000	\$11,000	\$11,000	\$47,000	\$23,000	\$7,000
New Bonds	\$11,000	\$21,000	\$46,000	\$55,000	\$60,000	\$68,000	\$82,000	\$87,000	\$93,000	\$110,000	\$120,000	\$124,000
Needs not addressed	\$127,000	\$126,000										

OPTION THREE – Providing New Revenues Every Four Years to Fill the Funding Gap

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additional Needs	\$169,129	\$166,137	\$182,717	\$221,661	\$240,896	\$270,155	\$327,185	\$347,995	\$370,075	\$439,679	\$479,064	\$497,736

Option Three A - Maintaining 50% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$90,000	\$	\$	\$	\$47,000	\$	\$	\$	\$61,000	\$	\$	\$
New Bonds	\$90,000	\$83,000	\$91,000	\$111,000	\$120,000	\$135,000	\$164,000	\$174,000	\$185,000	\$220,000	\$240,000	\$249,000
Needs not addressed	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Option Three B - Increasing Borrowing - 25% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$45,000	\$	\$	\$	\$23,000	\$	\$	\$	\$31,000	\$	\$	\$
New Bonds	\$127,000	\$125,000	\$137,000	\$166,000	\$181,000	\$203,000	\$245,000	\$261,000	\$278,000	\$330,000	NO	CAPACITY
Needs not addressed	\$											

Option Three C - Decreasing Borrowing - 75% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	\$135,000	\$	\$	\$	\$70,000	\$	\$	\$	\$91,000	\$	\$	\$
New Bonds	\$42,000	\$42,000	\$46,000	\$55,00	\$60,000	\$68,000	\$82,000	\$87,000	\$93,000	\$110,000	\$120,000	\$124,000
Needs not addressed	\$											

IX. Revenue Options

A total of 95 revenue options were identified for consideration. Task Force members prioritized these items based on the revenue raised and their viewpoints on the possibility of implementation of the revenue option. The highest priority was designated with a “1” and a ranking of “5” was the lowest priority. All of the responses were tabulated and an average ranking was assigned to each of the revenue options. The options were then sorted by average priority ranking. (See Appendix G for Prioritized Revenue Matrix and Appendix H for Implementation Time ranking.)

Most of the matrix items are self-explanatory and are merely increases in existing fees. Several of the options, however, were identified by the Task Force as requiring further explanation, and are discussed in the sections below. The options for discussion are divided into three categories;

- Changes to existing Revenues
- New Revenue Sources
- Non-Revenue Items

The following section contains issues pertinent to specific revenue options that the Task Force determined to need additional explanation. It is important to note that the revenue estimates do not consider the volume decreases that may occur due to increased fees. Several options may require further review or study as to the potential revenue generated. Some options may present legal obstacles and the need for additional legislation or a change to existing legislation.

A. Changes to existing Revenues

The last approved revenue package was implemented in October 2007 and increased the fees for several of the items on the new revenue matrix. These items are:

- Commercial Tolls on SR-1 (matrix item #1)
- Photo ID cards (#16)
- Title lien fees (#17)
- All tolls on I-95 (#22)
- Class D license renewal fee (#40)
- Title fees (#42)
- Passenger tolls on SR-1 (#44)
- Vehicle registration (#45)
- Eliminating commercial EZ-Pass discount on SR-1 (#55)
- Vehicle document fees (#63)

Items needing further explanation are:

Number 11 on Matrix---Increase Paratransit Fee outside the Mandated Zone from \$2.00 to \$4.00

Issues to consider:

- Federal law mandates paratransit service in bands reaching $\frac{3}{4}$ mile on either side of fixed transit routes. Inside the zone, paratransit fees cannot be more than twice the amount of fixed route fees per federal regulations.
- There are no restrictions on fees outside the zone.
- Paratransit fees have not increased since the service was assumed by the Trust Fund in 1988.
- Increased fee may impact the demand for service due to affordability.

Number 30 on Matrix---Increase Paratransit Fee from \$2 to \$3.

Issues to consider:

- Federal law mandates that the paratransit fee within the $\frac{3}{4}$ mile bands be no more than twice the fixed route rate.
- This item is contingent on enactment of Number 48 on the matrix
- Paratransit fees have not increased since 1988.
- Increased fee may impact demand for service due to affordability.

Number 50 on Matrix---Sale of Parking Garages/Lots

Issues to consider:

- Appraisals were recently performed on the facilities. Sale values of the structures were substantially below cost of construction
- The garages are no more than six years old so there is minimal equity compared to debt;
- The facilities are generating revenue sufficient to meet both the operating and debt service costs

Number 48 on Matrix---Increase Base Transit Fees

Issues to consider:

- The base transit fare has not increased since 1988.
- Federal law mandates that the paratransit fee be no more than twice the fixed route fee. Therefore, increasing the base fare would enable an increase in the paratransit fee.
- Increased fee may impact demand for service due to affordability
- Less fixed route usage impacts on air quality.

Number 52 on Matrix---Increase Motor Fuel Tax

Issues to consider:

- Fuel taxes were last increased in 1995
- Maryland is proposing a \$0.10 increase in fuel taxes and indexing the fees to the cost of construction. Pennsylvania also is considering a fuel tax increase.

Table 18

Comparable Tax Rates Levied by Surrounding States

State	Gas(¢/Gallon)	Special Fuel (¢/Gallon)
New York	41.2	40.3
Pennsylvania	32.3	39.2
Maryland	23.5	24.3
<i>Delaware</i>	<i>23.0</i>	<i>22.0</i>
District of Columbia	20.0	20.0
Virginia	19.6	19.6
New Jersey	14.5	17.5

B. New Revenue Sources

Number 61 on Matrix---Improved P3 Language

Issues to consider:

- Public Private Partnerships (P3) utilize private capital to support public projects in exchange for assets, revenue streams or guarantees in an effort to create stable, long term financing for the projects
- Legislative approval already required for all public/private partnerships.
- Financial firms concerned about legislative approval of appropriations and the corresponding uncertainty.
- Federally backed guarantees, e.g. Transportation Infrastructure Finance and Innovation Act (TIFIA), make P3 more attractive to financial firms.

Number 62 on Matrix—EZ-Pass Account Maintenance Fee

Issues to consider:

- Currently Delaware has no fee
- Maryland--\$1.50/month
- Pennsylvania--\$6.00/year
- New Jersey—No fee
- Virginia—No fee
- New York—No fee

Number 66---Univ. of Delaware Student Transit Fee

Issues to consider:

- \$25 fee per semester for estimated 19,500 University of Delaware students
- If DelTech (40,000) and Delaware State (3,500) students are included, would increase estimate by \$1,092,500
- Fee would be used to fund or subsidize transit operations in and around campus. Funds would be used to improve current services and to defray future infrastructure investments.

Number 73 on Matrix---\$20 Vehicle Inspection Fee

Issues to consider:

- Historically, inspection seen as part of the registration process
- There has never been an inspection fee in Delaware
- Other states:
 - Maryland--\$14 biennial emissions test fee plus initial safety inspection at private facility
 - Pennsylvania--\$18-90 annually (private facility)
 - New Jersey--\$75-90 biennially (private facility)
 - Virginia--\$16 annually for safety plus annual emissions not to exceed \$28

C. Non-Revenue Items

The following items will not generate additional revenues, but will decrease existing cost. This will have the same effect as new revenues by increasing the resources available for capital.

Number 4 on Matrix---10 Year Incremental Shift of Paratransit Expenses to the General Fund.

Issues to consider:

- Paratransit can be seen more as a social service issue than just a transportation issue thereby justifies General Fund expenditure.
- Paratransit expenses were moved to the Trust Fund in 1989. They formerly were born by the Delaware Turnpike Authority.
- Would put additional pressure on the General Fund.
- The annual cost per year would be cumulative of the previous year(s) until such time as the entire cost is shifted.
- The total accumulated cost in year 10 will be \$48.9 million with a 3% annual cost inflator.
- A relationship exists between paratransit service and the social service needs of the user. DTC and the Department of Health and Social Services (DHSS) have been engaged in discussions over greater participation on the part of DHSS.

Number 20 on Matrix---10 Year Incremental Shift of TTF Operating Costs to General Fund

Issues to consider:

- The Trust Fund was established in 1988 to fund solely capital projects
- The Trust Fund assumed all DTC expenses in 1989
- From FY 1991 thru FY1993, all department operating expenses were move to the Trust Fund.
- DMV was moved to DelDOT in FY 2003 and the Trust Fund assumed all DMV expenses.
- Would put additional pressure on the General Fund.
- The annual cost per year would be cumulative of the previous year(s) until such time as the entire cost is shifted.
- The total accumulated cost in year 10 will be \$161.6 million with a 3% annual cost inflator.

X. Financial Management Measures

Internal Measures

Fare Box Recovery Rate Policy

The Task Force recommended that fare box recovery rates be established for all Delaware Transit Corporation (DTC) modes of travel. The fare box recovery rate would represent the desired percentage of the average cost per person per trip that should be recaptured through fares.

For example, for a bus carrying 40 passengers the total cost to operate the bus would be divided by 40 to get the average cost per person. Realizing that the recovery of the full cost to operate the transit and paratransit vehicles is impractical, the Department should establish an acceptable recovery percentage and price services accordingly. This rate would have to be monitored on at least an annual basis and fees would need to be adjusted accordingly to maintain the determined recovery percentage.

Adjusting the Pay-go Guideline

See Section IV for a complete analysis off this option.

Suspending Borrowing

See Section IV for a complete analysis off this option.

Indexing Fees

Indexing of fees is recommended by the TTF Task Force. By indexing Trust Fund fees, Trust Fund revenues can grow annually to help off-set expense growth and construction costs. Without indexing new revenue sources and/or increases to existing fees will need to be addressed more frequently to continue to meet the capital needs.

When exploring the indexing option, various factors such as rounding of fees, capping of the annual adjustment, implementation of the fee change, specific fees to index and what economic measure should be used as an index must also be addressed. It is suggested that provisions be written to the applicable legislation so that a negative annual index result does not decrease revenues for that adjustment period.

Common indexes that could be used include the Consumer Price Index (CPI) and the Construction Cost Price Index.

The chart on the next page provides revenue estimates relating to indexing various existing fees.

Table 19

Revenue Increases from Indexing Current Revenues (in 000's)			
Revenue Sources	FY2012 Revenue Forecast	Increase for each .5%	Result of a 2.5% increase*
Motor Fuel Tax Revenue	\$ 117,300	\$ 587	\$ 2,933
Motor Carrier Registration Revenue	\$ 3,000	\$ 15	\$ 75
I-95 Turnpike Toll Revenues	\$ 114,000	\$ 570	\$ 2,850
SR 1 Toll Revenues	\$ 46,000	\$ 230	\$ 1,150
Document Fee Revenues	\$ 64,000	\$ 320	\$ 1,600
Registration Fee Revenues	\$ 48,400	\$ 242	\$ 1,210
Other DMV Fee Revenues	\$ 24,200	\$ 121	\$ 605
	TOTAL	2,085	10,423

* Example using the average CPI change from 1999 to 2010 of 2.5%

XI. Community Transportation Fund (CTF):

In conjunction with the examination of the Transportation Trust Fund, House Bill 500 requested a committee to “study and report on the issues and potential effects of requiring DelDOT to determine the funding allocations and project prioritization for those projects traditionally funded in the Community Transportation Fund (CTF) category within the Grants and Allocations appropriation classification. An analysis of overruns and/or deficits for the CTF program over the past three years will also be provided on a district by district basis.”

The TTF Task Force reviewed information provided by the Department of Transportation regarding the Community Transportation Fund. The program has existed in its similar format for the last few decades. Early on the program was more restrictive and was focused primarily on street paving and sidewalks in the suburban developments. By the mid-1990’s, beautification programs, decorative entrance signs and the use of the funds for 21st Century projects, were added. Rule 12, authorized through the Joint Committee on the Capital improvement Program (Bond Bill Committee), governs the use of the funds and has limited it to public capital projects, including:

- Paving, curb & gutter, sidewalk
- Traffic signals, signs, lighting
- Drainage improvements
- Permanent landscaping
- Conservation District projects
- Parking lots
- Safety or Transportation Enhancement (TE)

Statewide suburban mileage has increased from 1,299 centerline miles in 2004 to 1,460 centerline miles in 2010. The range of miles each legislator has authority to designate funds includes 0 to 69.79 miles in Representative districts and 13.56 to 126.44 miles in Senatorial districts. Senators and representatives have the discretion to combine funding for projects within and outside of their districts.

	CTF Funding	
	<u>Per Legislator</u>	<u>Total</u>
FY05	\$ 300,000	\$ 20,100,000
FY06	\$ 250,000	\$ 16,600,000
FY07	\$ 250,000	\$ 16,900,000
FY08	\$ 250,000	\$ 16,750,000
FY09	\$ 250,000	\$ 16,750,000
FY10	\$ 125,000	\$ 8,375,000
FY11	\$ 175,000	\$ 11,475,000

The projects allow for agreements with third parties to provide services. DelDOT reviews the expiration of estimates and inflation rates annually.

The epilogue language requested that the Department break out cost overruns and /or deficits for the CTF program over the last three years on a district-by-district basis. Unfortunately the Department cannot disaggregate this information due to how it contracts for work. In order to obtain the best price from contractors, bids are combined on multiple projects. In addition, projects from multiple districts are frequently combined in order to increase economies of scale and potentially decrease the cost per unit purchased. For example, even if a slightly larger geographic area is utilized, it is best to put as much drainage work on the same contract when possible rather than on multiple contracts. Other examples are specialty work such as microsurfacing, speed bumps or even ADA ramps when possible. Lastly, our costs are calculated by contract and have multiple legislative districts involved over multiple funding years.

The Community Transportation Fund is suffering under the same issue as the entire TTF – growing needs within communities for paving, rehabilitation of streets and drainage, with the

escalation of costs, while revenues remain flat. Growth of development with aging useful life of current infrastructure creates pressure on the CTF. The gap analysis calculated as part of the TTF report indicates a need approximately double the size of the FY 2011 allocation of \$14.75 million. This gap analysis took into account the paving and rehabilitation needs of the suburban streets on a statewide basis.

	<u>Future needs</u>
FY12	\$ 31,808,000
FY13	\$ 32,762,000
FY14	\$ 33,745,000
FY15	\$ 34,757,000
FY16	\$ 35,800,000

If the prospect exists to allocate funds to close this gap, it is suggested that the funds be systematically applied in a way to take care of the most pressing rehabilitation needs first through DelDOT's pavement management system.

XII. Conclusions and Recommendations

The goal of the Transportation Trust Fund (TTF) Task Force was to provide information on possible additional revenues to address potential gaps in capital funding for the Transportation Trust Fund. More importantly, the TTF Task Force recognizes the criticality of providing for sustainable long-term transportation funding in order support the infrastructure needs of the State. This infrastructure not only provides safe mobility for travelers in our State but supports economic development and access to jobs, both in the near-term for construction and the long-term viability of the State's economy.

The Task Force held eight meetings and accumulated information about the current financial condition, projected needs of the state's transportation infrastructure and analyses on the effects of changes to current revenue streams and new revenue alternatives.

The report describes in detail how the Transportation Trust Fund reached its current financial condition. The TTF is not insolvent. It enjoys a healthy credit rating from the major rating agencies and sufficient room in its critical financial measures, such as coverage ratios and debt tests.

However, there is cause for concern. The Transportation Trust Fund's financial condition was impacted by a number of variables, including declining revenues due to a poor economy, accelerated growth in infrastructure needs and the accumulated impact of borrowing, even within the 50/50 pay-go requirements, in order to meet annual project costs. Debt is rising and the cost to maintain the infrastructure is exceeding the growth rate of revenue. For example, in Fiscal Year 2012, it is expected that there will be no 100 percent state-funded projects and that in order to have sufficient state revenue to meet the matching requirements for the use of federal funds, reductions in the transportation core program will occur.

While revenue increases were implemented in 2007, the economy did not sufficiently grow in order for expected revenue projections to be realized. Moreover, the revenue increases proposed in 2007 were to address longer-term structural problems identified as far back as 2005. Therefore, the TTF has experienced insufficient revenues over a significant period, managed only by the delay of necessary capital projects in order to size the budget to meet available revenue. This deferral of projects will potentially lead to an accumulation of costs to maintain the system, which, if impacted by continually less revenue, may lead to greater costs in future years. This includes subdivision and municipal streets.

Although there is sufficient revenue to cover our debt requirements and the credit rating is good, the problem cannot be solved through increased borrowing. Debt service costs currently represent 35% of all operating costs in the TTF. Debt service costs are rising and the useful life of some of the current projects are less than the term of the 20 year debt. If a more sustainable stream of revenue were created, a reduced amount of borrowing could be considered.

In addition, the TTF Task Force cautions against changes in the pay-as-you-go percentage in determining the amount of borrowing in a given year. Reducing the use of cash and increasing borrowing to pay for projects will accelerate debt and potentially put the TTF's

credit rating in jeopardy. A favorable credit rating is critical to obtaining lower interest rates when borrowing.

Lastly, the Department has made considerable effort over the last two years to reduce operational costs and increase efficiency as part of the Governor's Performance Review process. These actions included reducing consultant costs, reducing overtime, limiting cell phone usage, renegotiating contracts, eliminating vacant positions, and improved technology and service delivery to increase efficiencies and reduce waste. While the Department continues to review its operations for efficiencies, the cost savings from these actions alone will not close the gap necessary to adequately fund the TTF.

The report provides revenue alternatives to be considered by the Governor and General Assembly to correct a structural problem in the TTF. Among these alternatives are scenarios which depict outcomes based on how the revenues are phased in and the desired size of the capital program.

The Task Force solicited diverse ideas from all areas impacting transportation, such as tolls, vehicle fees, transit fares, operational savings and motor fuel taxes. Many of these ideas will require additional research to determine the cost of implementation and any impacts to citizens and users of the system.

The Task Force is not recommending any specific revenue alternatives, but rather is proposing a menu of ideas and prioritizing them on the basis of revenue size and each member's viewpoint on the possibility of implementation. The Task Force is leaving the selection of these revenue alternatives for consideration of implementation to the Governor and the General Assembly.

In order to maintain the current infrastructure, the core program, which includes paving and rehabilitation, bridge management, transit vehicle purchases, the Community Transportation Fund and the Municipal Street Aid Program among others, will require \$317.5 million in FY 2012 and increase to \$344.3 million by 2015. This is a considerable increase from the current Capital Transportation Plan amount of \$192.6 million in FY 2012. The difference represents the backlog of needs and the current lack of adequate funding to meet these needs. Starting FY

2013, capital requirements over and above the core program will require an additional \$27 million.

In addition, the state funding of the Capital Improvement Program supports leveraging of federal funds allocated annually through formula funding and grant opportunities. As part of the requirements to receive federal funding, the CTP must be federally constrained, or, in other words, have sufficient revenues to meet federal obligation matching requirements and support the projects budgeted in the program. Faced with the decline of state-only projects and the possibility of reductions in the core program, available funding for federal matching requirements may become limited. If this were to occur, the State would turn back funding due to lack of matching funds.

The Task Force has provided differing scenarios detailing how phased approaches and fully funding the TTF would impact the revenue requirements needed to meet the recommended capital requirements. Given the size of needed infrastructure improvements, the impact of new revenues if implemented all at once, will be significant. The phasing of revenue enhancements will hopefully ease decision-making.

While the Task Force declined from recommending specific revenue alternatives, it is recommending consideration of three efforts which will improve the sustainability of the Trust Fund.

First, the Task Force discussed at length the effects of the historical shifts of operating costs from the General Fund to the Transportation Trust Fund over the last twenty years. Originally established in 1988, the TTF was utilized solely as a pool of funds for capital projects, supported by a revenue structure sized to meet the State's infrastructure needs. Beginning in 1992, shifts of operating funding for the Department of Transportation, the Delaware Transit Corporation and the Division of Motor Vehicles required approximately \$3 billion in revenue that otherwise would have supported capital projects. Among the options for improving the sustainability of the TTF is to consider shifting operating costs over a period of time back to the General Fund or providing additional General Fund contributions. In addition, there is often a nexus between use of services, such as paratransit, and other services delivered by the State, such as social services and employment. We encourage greater engagement among General Fund

agencies in sharing of resources and finding creative ways of raising revenues and lowering costs.

Second, it is recommended that a fare box recovery rate policy be established for all Delaware Transit Corporation (DTC) modes of travel. Fare box recovery rates would represent the desired percentage of the average cost per person per trip that should be recaptured through fares. This effort would allow for DTC to adjust fares or potentially eliminate or restructure services as necessary to meet fare box recovery percentages. These changes would not require legislative approval for fare increases. However, regular reporting to the executive and legislative branches of government requiring justification of the fare increases will be needed annually.

Third, the TTF Task Force encourages consideration of indexing revenues to allow revenues to fluctuate with increases in costs. Indexing ties revenues to an economic indicator which grows no more than the cost of projects. By indexing Trust Fund revenues to an economic indicator which reflects the cost of goods and services, the Trust Fund revenues can grow annually in a way which off-sets expense growth and construction costs. Without indexing new revenue sources and/or increases to existing fees, the Trust Fund will need to be addressed more frequently to continue to meet the capital needs.

The essential goal of the correcting the structural problem of funding the TTF is to create a sustainability stream of revenue which supports an appropriately sized capital program to meet the State's infrastructure needs. We hope these ideas contribute to this goal.

Revenue Options By Priority Order

Sorted in Priority Order - 1: Highest to 5: Lowest

Prioritization of Proposed Fees		Annual Revenue Estimate	Priority Average
1	SR-1 Raise Commercial Vehicles by \$1	\$ 4,500,000 /\$1 inc	1.2
2	10% Fee on the sales price of DE Tags	\$ 15,000 + occasional lrg sale	1.2
3	Illegal sign fees \$25 to \$50	\$ 9,000	1.2
4	10 yr. Incremental shift of paratransit from Trust Fund to General Fund	\$ 4,265,200 /year	1.2
5	DL Suspension reinstatement \$25 to \$50	\$ 510,000	1.3
6	DL Late Renewal fee \$1.15 to \$10	\$ 257,000	1.3
7	DL Permanent Renewal \$15 to \$25	\$ 87,000	1.3
8	Revocation reinstatement \$143 to \$200	\$ 230,000	1.3
9	Registration Late Renewal \$10 to \$20	\$ 831,000	1.3
10	Oversize/Overweight Permits \$20 to \$40	\$ 903,000	1.3
11	Increase Paratransit Fee (outside mandated area) - \$2 to \$4	\$ 2,100,000	1.3
	NOTE: #11 Can not be approved without approving #48		
12	Outdoor advertising fees	\$ 1,634,800	1.4
	up to 30 sq. ft. from \$5 to \$100 all locations	\$ 900	
	30 to 100 sq. ft. from \$10 to \$150; \$300 on Lim. Access Roads	\$ 30,400	
	100 to 300 sq. ft. from \$15 to \$750; \$1,500 on Lim. Access Roads	\$ 1,118,700	
	> 300 sq. ft. from \$20 to \$1,000; \$2,000 on Lim. Access Roads	\$ 484,800	
13	Vanity Tags \$40 to \$50	\$ 110,000	1.5
14	Late Penalty Fee \$25 to \$35	\$ 84,000	1.5
15	Record Sale Fees \$15/record to \$20	\$ 2,279,000	1.5
16	Photo ID from \$20 to \$25	\$ 118,000	1.5
17	Title Lien Fees \$10 to \$20	\$ 748,000	1.5
18	Temporary Tag \$10 to \$20	\$ 421,000	1.5

19	Insurance Penalties \$100 to \$125 plus \$5/day	\$ 800,000	1.5
SUB-TOTAL		\$ 19,902,000	

20	10 yr. Incremental Shift of TTF operating expenses to General Fund	\$ 14,140,000 /year	1.5
21	Duplicate License \$10 to \$20	\$ 370,000	1.6
22	I-95 Raise All Axle Classes by \$1	\$ 24,500,000 /\$1 inc	1.6
23	Dealer Reassignment \$10 to \$20	\$ 307,000	1.6
24	Temporary Permit \$10 to \$20	\$ 86,000	1.6
25	Motorcycle Endorsement \$8 to \$20	\$ 140,000	1.6
26	Motorcycle Safety Class:	\$ 79,600	1.6
27	In state (\$35 to \$75; \$50 to \$100)	\$ 79,000	
28	Out of state (\$100 to \$200; \$200 to \$300)	\$ 600	
29	Increase gas tax @ Welcome Center /I-95--per \$0.01 increase	\$ 126,000 /\$.01 inc.	1.6
30	Increase Paratransit Fee - \$2 to \$3	\$ 2,100,000	1.6
31	Index Motor Fuel Tax only (per each .5% increase)	\$ 587,000 /.5% inc.	1.6
32	Same day service fee for dealer title work	\$ 303,000	1.6
33	Specialty Plates \$35-\$50 to \$75	\$ 27,000	1.7
34	Title Service Fee \$15 to \$25	\$ 80,000	1.7
35	Dealer Tags & Reg Card \$8 to \$20	\$ 7,000	1.7
36	Salvage Title Fee \$25 to \$35	\$ 65,000	1.7
37	Retain Tag Fee \$10 to \$20	\$ 177,000	1.7
38	Study feasibility of smaller transit vehicles		1.7
39	Increase Vehicular weight fee for SUV's (\$18.00/1,000lbs over 4,000)	\$ 3,300,000	1.7
40	Class D renewal fee \$25 to \$26	\$ 106,000 /\$1 inc	1.8
41	Commercial Driver License \$30 to \$40	\$ 72,000	1.8
42	Title Fees \$25.00 to \$35.00	\$ 2,123,000	1.8
43	Duplicate Titles \$25 to \$50	\$ 342,000	1.8

	SUB-TOTAL	\$ 8,939,600
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44	SR-1 Passenger Vehicles \$1 to \$2 week--\$2 to \$3 weekends	\$ 36,400,000	1.8
45	Vehicle Registration \$10 increase (Prorated by length of registration)	\$ 6,700,000	1.8
46	Index all fees (per each .5% increase)	\$ 2,085,000 / .5% inc.	1.8
47	Duplicate Registration Card \$2 to \$10	\$ 45,000	1.9
48	Increase Base Transit Fee \$1.15 to \$1.50	\$ 986,000	1.9
49	Jet Fuel Tax		1.9
50	Sale of Parking Garages/Lots		1.9
51	Leasing towers for antennas on IRIB or high mast lighting systems	\$ 84,000	1.9
52	Increase Gas Tax \$0.23 to \$0.24	\$ 4,500,000 / \$.01 inc.	1.9
53	Increase Diesel Tax \$0.22 to \$0.23	\$ 600,000 / \$.01 inc.	1.9
54	Develop new Numbering System for tags and auction tags (A1A,A1B....)		1.9
55	SR-1 Eliminate Commercial E-Z Pass Discount (25%)	\$ 2,300,000	2.0
56	Surcharge for violation by drivers with points		2.0
57	Dealer License fee \$100 to \$200	\$ 80,000	2.0
58	Bid contracts exempt from Prevailing Wage		2.0
59	Increase work zone penalties for speeding		2.1
60	Duplicate Validation Sticker \$1 to \$5	\$ 97,000	2.1
61	Improved P3 bill language		2.1
62	EZ Pass Account Maintenance (\$2/month)	\$ 4,000,000	2.1
63	Document Fees from 3.75% to 4.00%	\$ 3,780,000 / .25% inc.	2.1
64	Organization Plates	\$ 21,000	2.2
65	Installation fee for Residential pipe installment in driveways	\$ 2,800,000	2.3
66	Univ. of Delaware student transit fee \$25	\$ 488,000	2.3
67	Combining Gas Tax and Diesel Tax into one rate (Diesel up \$.01)	\$ 600,000	2.3
68	Mechanic Tags		2.4

69	Lease equipment and vehicles		2.4
70	Limit future borrowing to reduce debt service		2.4

71	Lease heavy trucks & equipment to contractors		2.4
72	Increase Development Coordination/Inspection Fees	\$ 5,500,000	2.5
73	Implement \$20 Inspection Fee	\$ 6,085,000	2.5
74	Lightering tax on oil on Delaware Bay – \$0.01 per barrel	\$ 1,000,000	2.5
75	Indian River Bridge- \$1/\$2 on weekends-50% frequency discount	\$ 7,625,600	2.6
76	Concession of SR 1, I- 95		2.6
77	Outsource areas of DOT operations		2.6
78	Outsource paratransit operations		2.7
79	Study need of grade separated intersections		2.8
80	Implement \$.50 toll on SB ramp at Odessa	\$ 700,000	2.9
81	Implement tolls on free ramps south of C&D Canal	\$ 4,000,000	2.9
82	Eliminate Trade-in Discount	\$ 12,203,000	3.0
83	Use Transportation Improvement Districts to raise fees		3.1
84	Move all traffic violation revenue to Trust Fund		3.1
85	Defer or eliminate capital projects or phases		3.2
86	Elimination of non-applicable gas tax refunds (FY2010 Refunds - Ag. \$16,732; Com. Non-highway \$4,928; Boats \$50,014; Planes \$49,312)	\$ 121,000	3.3
87	Base registration fee on miles traveled		3.4
88	SR 1 south of Milford \$1/\$2 on weekends, 50% frequency discount	\$ 7,452,000	3.5
89	Congestion pricing for tolls on I95 and SR1		3.6
90	Franchise Fees for Utilities to use DelDOT ROW		3.6
91	Reduce trailer registration fees		3.8
92	Speed Cameras on State Route 1		3.8
93	Tolls on Sussex Cty. Roads such as SR1, Rt 113, Rt 13 or RT 404		3.8
94	Carbon Tax on Vehicle Emissions		4.4
95	Temporary adjustment to 50/50 paygo		4.6
TOTAL		\$ 179,192,200	

Revenue Options in Priority Order with Time Frame				
Short Term - 0 to 3 years / Long Term - 3 to 6 years				
	Prioritization of Proposed Fees	Annual Revenue Estimate		Time Frame
1	SR-1 Raise Commercial Vehicles by \$1	\$ 4,500,000	/\$1 inc	Short
2	10% Fee on the sales price of DE Tags	\$ 15,000	+ occasional lrg sale	Short
3	Illegal sign fees \$25 to \$50	\$ 9,000		Short
4	10 yr. Incremental shift of paratransit from Trust Fund to General Fund	\$ 4,265,200	/year	Short
5	DL Suspension reinstatement \$25 to \$50	\$ 510,000		Short
6	DL Late Renewal fee \$1.15 to \$10	\$ 257,000		Short
7	DL Permanent Renewal \$15 to \$25	\$ 87,000		Short
8	Revocation reinstatement \$143 to \$200	\$ 230,000		Short
9	Registration Late Renewal \$10 to \$20	\$ 831,000		Short
10	Oversize/Overweight Permits \$20 to \$40	\$ 903,000		Short
11	Increase Paratransit Fee (outside mandated area) - \$2 to \$4	\$ 2,100,000		Short
	NOTE: #11 Can not be approved without approving #48			
12	Outdoor advertising fees	\$ 1,634,800		Short
	up to 30 sq. ft. from \$5 to \$100 all locations		\$ 900	
	30 to 100 sq. ft. from \$10 to \$150; \$300 on Lim. Access Roads		\$ 30,400	
	100 to 300 sq. ft. from \$15 to \$750; \$1,500 on Lim. Access Roads		\$ 1,118,700	
	> 300 sq. ft. from \$20 to \$1,000; \$2,000 on Lim. Access Roads		\$ 484,800	
13	Vanity Tags \$40 to \$50	\$ 110,000		Short
14	Late Penalty Fee \$25 to \$35	\$ 84,000		Short
15	Record Sale Fees \$15/record to \$20	\$ 2,279,000		Short
16	Photo ID from \$20 to \$25	\$ 118,000		Short
17	Title Lien Fees \$10 to \$20	\$ 748,000		Short

18	Temporary Tag \$10 to \$20	\$ 421,000		Short
19	Insurance Penalties \$100 to \$125 plus \$5/day	\$ 800,000		Short
20	10 yr. Incremental Shift of TTF operating expenses to General Fund	\$ 14,140,000	/year	Short
21	Duplicate License \$10 to \$20	\$ 370,000		Short
22	I-95 Raise All Axle Classes by \$1	\$ 24,500,000	/\$1 inc	Short
23	Dealer Reassignment \$10 to \$20	\$ 307,000		Short
24	Temporary Permit \$10 to \$20	\$ 86,000		Short
25	Motorcycle Endorsement \$8 to \$20	\$ 140,000		Short
26	Motorcycle Safety Class:	\$ 79,600		Short
27	In state (\$35 to \$75; \$50 to \$100)		\$ 79,000	
28	Out of state (\$100 to \$200; \$200 to \$300)		\$ 600	
29	Increase gas tax @ Welcome Center /I-95--per \$0.01 increase	\$ 126,000	/\$.01 inc.	Short
30	Increase Paratransit Fee - \$2 to \$3	\$ 2,100,000		Short
31	Index Motor Fuel Tax only (per each .5% increase)	\$ 587,000	/.5% inc.	Short
32	Same day service fee for dealer title work	\$ 303,000		Short
33	Specialty Plates \$35--50 to \$75	\$ 27,000		Short
34	Title Service Fee \$15 to \$25	\$ 80,000		Short
35	Dealer Tags & Reg Card \$8 to \$20	\$ 7,000		Short
36	Salvage Title Fee \$25 to \$35	\$ 65,000		Short
37	Retain Tag Fee \$10 to \$20	\$ 177,000		Short
38	Study feasibility of smaller transit vehicles	TDB		
39	Increase Vehicular weight fee for SUV's (\$18.00/1,000lbs over 4,000)	\$ 3,300,000		Short
40	Class D renewal fee \$25 to \$26	\$ 106,000		Short
41	Commercial Driver License \$30 to \$40	\$ 72,000		Short
42	Title Fees \$25.00 to \$35	\$ 2,123,000		Short
43	Duplicate Titles \$25 to \$50	\$ 342,000		Short

44	SR-1 Passenger Vehicles \$1 to \$2 week--\$2 to \$3 weekends	\$ 36,400,000		Short
45	Vehicle Registration \$10 increase (Prorated by length of registration)	\$ 6,700,000		Short
46	Index all fees (per each .5% increase)	\$ 2,085,000	/.5% inc.	Short
47	Duplicate Registration Card \$2 to \$10	\$ 45,000		Short
48	Increase Base Transit Fee \$1.15 to \$1.50	\$ 986,000		Short
49	Jet Fuel Tax			Short
50	Sale of Parking Garages/Lots			Short
51	Leasing towers for antennas on IRIB or high mast lighting systems	\$ 84,000		Short
52	Increase Gas Tax \$0.23 to \$0.24	\$ 4,500,000	/\$.01 inc.	Short
53	Increase Diesel Tax \$0.22 to \$0.23	\$ 600,000	/\$.01 inc.	Short
54	Develop new Numbering System for tags and auction tags (A1A,A1B....)	TDB		Short
55	SR-1 Eliminate Commercial E-Z Pass Discount (25%)	\$ 2,300,000		Short
56	Surcharge for violation by drivers with points	TDB		
57	Dealer License fee \$100 to \$200	\$ 80,000		Short
58	Bid contracts exempt from Prevailing Wage	TDB		Short
59	Increase work zone penalties for speeding	TDB		Short
60	Duplicate Validation Sticker \$1 to \$5	\$ 97,000		Short
61	Improved P3 bill language	TDB		Long
62	EZ Pass Account Maintenance (\$2/month)	\$ 4,000,000		Short
63	Document Fees from 3.75% to 4.00%	\$ 3,780,000	/.25% inc.	Short
64	Organization Plates	\$ 21,000		Short
65	Installation fee for Residential pipe installment in driveways	\$ 2,800,000		Short
66	Univ. of Delaware student transit fee \$25	\$ 488,000		Short
67	Combining Gas Tax and Diesel Tax into one rate (Diesel up \$.01)	\$ 600,000		Short

68	Mechanic Tags	TDB		Short
69	Lease equipment and vehicles	TDB		
70	Limit future borrowing to reduce debt service	TDB		Short
71	Lease heavy trucks & equipment to contractors	TDB		Short
72	Increase Development Coordination/Inspection Fees	\$ 5,500,000		Short
73	Implement \$20 Inspection Fee	\$ 6,085,000		Short
74	Lightering tax on oil on Delaware River-\$0.01 per barrel	\$ 1,000,000		Long
75	Indian River Bridge- \$1/\$2 on weekends-50% frequency discount	\$ 7,625,600		Long
76	Concession of SR 1, I- 95	TDB		Long
77	Outsource areas of DOT operations	TDB		Short
78	Outsource paratransit operations	TDB		Short
79	Study need of grade separated intersections	TDB		
80	Implement \$.50 toll on SB ramp at Odessa	\$ 700,000		Short
81	Implement tolls on free ramps south of C&D Canal	\$ 4,000,000		Short
82	Eliminate Trade-in Discount	\$ 12,203,000		Short
83	Use Transportation Improvement Districts to raise fees	TDB		Short
84	Move all traffic violation revenue to Trust Fund	TDB		
85	Defer or eliminate capital projects or phases	TDB		
86	Elimination of non-applicable gas tax refunds	\$ 121,000		Short
	(FY2010 Refunds - Ag. \$16,732; Com. Non-highway \$4,928; Boats \$50,014; Planes \$49,312)	TDB		
87	Base registration fee on miles traveled	TDB		Long
88	SR 1 south of Milford \$1/\$2 on weekends, 50% frequency discount	\$ 7,452,000		Long
89	Congestion pricing for tolls on I95 and SR1	TDB		
90	Franchise Fees for Utilities to use DeIDOT ROW	TDB		Short
91	Reduce trailer registration fees	TDB		Short

92	Speed Cameras on State Route 1	TDB		Long
93	Tolls on Sussex Cty. Roads such as SR1, Rt 113, Rt 13 or RT 404	TDB		Long
94	Carbon Tax on Vehicle Emissions	TDB		Long
95	Temporary adjustment to 50/50 paygo	TDB		Short